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## Finance - Economics

WALL STREET OFFICE:  
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Monday, July 2, 1917

Wall Street found ample opportunity to express its feelings over the rate decision. And if Wall Street sentiment counts for anything the outlook for the railroads in this country is most dubious. There is this much to be said, however: The character of the day's trading was not such as to carry the conviction that those who did most of the selling of St. Paul, Northern Pacific, Great Northern, Southern Pacific, Pennsylvania, New York Central and other high grade, dividend-paying railroad issues are the most competent to judge of what the railroads of this country are actually capable in the way of earnings, when the officials responsible for their management leave off discussing rates and get down to the serious business of moving the almost unlimited amount of freight awaiting transportation.

In short, professionals did the selling, that being the softer appellation used in the neighborhood of the Stock Exchange to designate a lot of individuals who buy and sell stocks for the profits which quick turns in the market yield them—persons who simply gamble on the rise or fall in quotations, paying little attention to the intrinsic values or investment merits of the securities in which they trade. As proof of their indifference to the more salient facts having a direct bearing on the valuation of railroad securities, no attention whatever was paid to extremely encouraging reports of earnings for the month of May issued by both the St. Paul and the Northern Pacific. Why waste time talking about earnings when St. Paul stock can be hammered down over 5 points or Northern Pacific forced under par, thus making it possible to cover short sales at a profit?

The explanation for the success of the professionals in breaking the market as badly as they did, on the pretext that the failure of the Interstate Commerce Commission to grant the general 15 per cent advance in freight rates asked by the railroads had inflicted a hardship on the transportation industry of the country, was simple enough. The stock market was without support, either from investors who have been buying Liberty bonds with the bulk of their surplus funds, or the leading banking interests, which have had their hands full in assisting the government in financing its war loans. Left to take care of itself the market, as usual in such a situation, was vulnerable to an attack from professional operators.

## Money and Credit

The improved cash position of the local banks as disclosed in Saturday's statement was reflected yesterday in further ease in the money market. At the Stock Exchange call loans ruled at 4 1/2 per cent and considerable money was put out at 3 1/2 per cent.

Money brokers reported an increased volume of business in time loans against Stock Exchange collateral, particularly in sixty days to four months industrial maturities. Bankers offered a large amount of funds on a 5 per cent basis. Mixed collateral loans were dull and nominally quoted at 4 1/2 to 5 per cent for all maturities.

Ruling rates of money yesterday, compared with a year ago, were as follows:

Call money.....	Yesterday.	Year ago.
Time money (mixed collateral):		
60 days.....	4 1/2%	3 1/2%
90 days.....	4 1/2%	3 1/2%
120 days.....	4 1/2%	3 1/2%
180 days.....	4 1/2%	3 1/2%
6 to 12 mos.....	4 1/2%	3 1/2%

Commercial Paper—Institutions were more active buyers yesterday, and the increased demand tended to send the rate to 5 per cent for the best regular maturities.

Official rates of discount of each of the twelve Federal districts are as follows:

	Days	Over 150	Over 180	Over 210	Over 240	Over 270	Over 300	Over 360
Boston.....	3 1/2	4	4	4	4	4	4	4
New York.....	3 1/2	4	4	4	4	4	4	4
Philadelphia.....	3 1/2	4	4	4	4	4	4	4
Cleveland.....	3 1/2	4	4	4	4	4	4	4
Richmond.....	3 1/2	4	4	4	4	4	4	4
Atlanta.....	3 1/2	4	4	4	4	4	4	4
Chicago.....	3 1/2	4	4	4	4	4	4	4
St. Louis.....	3 1/2	4	4	4	4	4	4	4
Minneapolis.....	4	4	4	4	4	4	4	4
Kansas City.....	4	4	4	4	4	4	4	4
Dallas.....	3 1/2	4	4	4	4	4	4	4
San Francisco.....	3 1/2	4	4	4	4	4	4	4

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York.....	\$542,251,847	\$41,792,417
Baltimore.....	11,228,246	2,178,683
Boston.....	52,377,924	19,274,102
Chicago.....	90,961,964	7,100,983
St. Louis.....	26,678,805	5,928,205

Silver.—Bars in London, 35 1/2; in New York, 77 1/2 cents; Mexican dollars, 61 1/2 cents.

Sub-Treasury.—New York banks lost to Sub-Treasury \$6,292,000.

Boston Bank Statement.—The weekly Boston bank statement showed an increase of \$10,446,000 in loans, discounts and investments, which amounted to \$467,523,000. Total excess reserve was \$23,314,000, an increase of \$5,866,000.

Gold Currents.—Gold amounting to \$5,000,000 was received yesterday from

Canada for the account of J. P. Morgan & Co., and was sold to the Federal Reserve Bank.

Gold coin to the amount of \$1,000,000 has been withdrawn from the Sub-Treasury for shipment to South America. There has also been transferred \$50,000 to San Francisco on account of a shipment of the same amount of gold to Japan.

## The Dollar in Foreign Exchange

Russian exchange declined sharply yesterday, rubles falling to a new low of 21.90 cents for cables. This compared with 22.60 on Saturday and a normal exchange value of 61.2 cents. The principal explanation for the further decline in rubles is the fact that the Russian market was quiet as a rule. Spanish pesetas were easier.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

	Yesterday.	ago.
(Quoted dollars to the pound.)		
Sterling, demand.....	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days.....	4.71 1/2	4.71 1/2
Sterling, cables.....	4.76 1/2	4.76 1/2
Sterling, ninety days.....	4.69 1/2	4.69 1/2
(Quoted cents to the dollar.)		
Francs, demand.....	5.76	5.74 1/2
Francs, cables.....	5.75	5.73 1/2
Lire, checks.....	7.25	7.23 1/2
Lire, cables.....	7.24	7.22 1/2
Czechoslovak, kr., chks.....	30.40	30.10
Swiss, checks.....	7.24	7.22 1/2
Swiss, cables.....	4.82	4.80
(Quoted cents to the unit.)		
Guillemers, checks.....	41 1/2	41 1/2
Guillemers, cables.....	41 1/2	41 1/2
Rubles, cables.....	21.90	23.70
Copenhagen, kr., chks.....	30.40	30.10
Stockholm, kr., chks.....	28.90	28.90
Pesetas, checks.....	23.15	23.30

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current	Intrinsic
Pounds, sterling.....	\$4.75 1/2	\$4.86 1/2
Francs.....	0.17 1/2	0.19 1/2
Guillemers.....	0.014	0.012
Rubles.....	0.21 1/2	0.21 1/2
Lire, checks.....	0.13 1/2	0.13 1/2
Crowns (Denmark).....	0.28 1/2	0.26 1/2
Crowns (Sweden).....	0.30 1/2	0.26 1/2

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.75 1/2. The intrinsic parity is \$4.86 1/2 per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars was greater than the demand in this country for pounds with which to settle accounts in England.

## News Digest

### Foreign

Paris, France.—Paris, July 2.—Trading was quiet on the Bourse today. Three per cent rentes, 60 francs 25 centimes for cash. Exchange on London, 18 centimes. Five per cent loan, 85 francs 30 centimes.

Holiday for London Brokers.—London, July 2.—Holiday on the Stock Exchange here today.

### New York

Commercial Failures Fewer.—With 7,485 failures, involving \$94,721,556, the country's commercial mortality in the first six months of 1917 made the best showing since 1911, while the total liabilities were the smallest for any similar period in nearly a decade.

According to R. G. Dun & Co., the present figures compare with 9,435 of failures, involving \$111,241,421, reported last year, and with 12,740 for \$188,587,335 in 1915—the highest point on record.

In the first six months of 1914 there were 8,543 insolvencies, with aggregate debts of about \$185,000,000. It is this country's greatest commercial disaster, despite the fact that the very material factors calculated to enhance the possibilities of financial embarrassment, failures have been relatively moderate, and a study of the latest statement discloses no evidence that the economic readjustments occasioned by the nation's participation in the war have caused serious disturbance in business. The improvement, which featured the returns during the first three months of this year was well maintained in the second quarter, and defaults in June were less numerous than in the same month of 1916 and 1915, with the smallest liabilities for the period, excepting those of last year, since 1912.

Geographically examined, the record discloses practically country-wide improvement in the business mortality, for there were fewer failures in any of the eight sections into which the statement is divided, and only in the New England and Pacific states were the liabilities larger than in the first half of 1916.

New Bank Superintendent Assumes Duties.—George I. Skinner, after twenty years' service in the New York State Banking Department, yesterday assumed the duties of Superintendent of Banks under an appointment made recently by Governor Whitman, succeeding Eugene Lamb Richards.

Mr. Skinner, who was the appointment of J. J. Johnson, Esq., of Norwich, Chenango County, as his private secretary. The name of the institution will be the Public National Bank of New York.

### Elections

E. N. Hurley has been elected a director of the Chicago Great Western Railroad Company, to succeed John R. Morrison, resigned.

E. P. Brown, vice-president of the United States Machinery Corporation, has been elected president, in place of the late Sidney W. Winslow. S. W. Winslow, Jr., has been elected vice-president and H. G. Donham a director and vice-president.

John E. Perry, president of the Wharton Steel Company; J. Leonard Repligle, chairman of the board of directors, and J. Townsend Burdon and E. Waring have been appointed members of the executive committee of the company.

## Efforts of South To Increase Cotton Yield Frustrated

### Movement of Negro Labor to the North a Factor in Reducing Acreage

Washington, July 2.—Plans of the cotton growers to produce this year the largest crop of that staple ever grown have been frustrated. A crop larger than those of last year and that preceding it probably will be realized. This year's production is forecast by the Department of Agriculture at 11,633,000 equivalent 500-pound bales. That would be about 183,000 bales more than produced last year and 441,000 bales more than the 1915 crop, but it is 4,500,000 bales less than the record crop produced three years ago.

Scarcity of labor, due to emigration of negroes attracted to the industrial centers of the North by higher wages and the entry of young men in the military service, high prices of food, feed and fertilizer, and the movement for the South to feed itself are the important influences which have militated against the cotton farmers' effort to produce a record crop. Unfavorable weather also has been a determining factor.

Condition Is 70.3

The Department of Agriculture bases its estimate on a condition of 70.3 per cent of a normal on June 25 and an area of 34,600,000 acres in cultivation on that date.

The area under cultivation June 25 by states and the area picked last year follows:

States.	Planted	Picked
Alabama.....	4,700,000	42,000
Arkansas.....	1,475,000	1,431,000
California.....	2,950,000	2,780,000
Florida.....	5,175,000	5,277,000
Georgia.....	19,100,000	19,100,000
Louisiana.....	2,498,000	3,225,000
Mississippi.....	2,812,000	3,710,000
North Carolina.....	1,253,000	1,250,000
South Carolina.....	11,440,000	11,400,000
Texas.....	2,577,000	2,600,000
Virginia.....	860,000	887,000
Tennessee.....	150,000	133,000
Missouri.....	2,745,000	2,580,000
Oklahoma.....	45,000	52,000
California.....	15,000	25,000
United States.....	34,600,000	34,985,000

Condition of the growing crop on June 25 and May 25 this year and the condition on June 25 last year and the ten-year average on June 25 follow:

States.	June 25, 1917.	May 25, 1917.	June 25, 1916.	June 25, 1915.	10-yr. aver.
Alabama.....	62	75	90	79	79
Arkansas.....	71	70	74	78	78
California.....	69	69	80	80	80
Florida.....	69	69	80	80	80
Georgia.....	69	69	80	80	80
Louisiana.....	68	66	85	79	79
Mississippi.....	72	74	81	81	81
North Carolina.....	67	64	89	81	81
South Carolina.....	70	63	74	82	82
Tennessee.....	74	77	84	80	80
Oklahoma.....	91	82	100	97	97
Arizona.....	87				

\*Seven-year average.

### Negroes Hie to North

In a statement regarding the condition of the crop the department said: "A number of influences have held back the acreage of cotton, which is the largest crop of the South. These influences were: heavy rains in the South, which have been a heavy exodus of workers. Several hundred thousands of negroes have deserted the farms to go to the industrial centers in the Northern and Eastern states, where they could get higher wages. In addition many thousands of young men have left the farm to enter the military or naval service. The negro is the chief laborer in the cotton plantations, and there has been a heavy exodus of these workers. Several hundred thousands of negroes have deserted the farms to go to the industrial centers in the Northern and Eastern states, where they could get higher wages. In addition many thousands of young men have left the farm to enter the military or naval service. 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